

Message Text

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EB/IFD/OIA - MR. GRANT

S/S - SGOLDSMITH

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FM SECSTATE WASHDC

TO USMISSION GENEVA PRIORITY

INFO AMEMBASSY LAGOS

AMEMBASSY TEHRAN

C O N F I D E N T I A L STATE 158462

EXDIS, FOR AMBASSADOR YOUNG FROM MAYNES

E.O. 11652: GDS

TAGS:EFIN, EGEN, UN, ECOSOC

SUBJECT: ECOSOC: INTERNATIONAL AGREEMENT ON ILLICIT
PAYMENTS

REFS: (A) GENEVA 5400; (B) STATE 141773; (C) STATE 144233

1. WHILE YOU ARE IN GENEVA YOU MIGHT BE ABLE TO HELP US
OBTAIN SUPPORT FOR U.S. PROPOSAL THAT ECOSOC CONVENE
CONFERENCE OF PLENIPOTENTIARIES IN 1978 TO NEGOTIATE AN
INTERNATIONAL AGREEMENT ON ILLICIT PAYMENTS (I.E., BRIBERY)
IN CONNECTION WITH INTERNATIONAL COMMERCIAL TRANSACTIONS.
PRESIDENT CARTER HAS GIVEN THIS ISSUE STRONG SUPPORT AND
HAS PERSONALLY RAISED IT AT LONDON ECONOMIC SUMMIT AND WITH
VENEZUELA PRESIDENT PEREZ.

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2. BOTH DEVELOPED AND DEVELOPING COUNTRIES HAVE BEEN
RESISTANT TO THIS INITIATIVE. WE ARE MAKING PROGRESS WITH
MOST DEVELOPED COUNTRIES, EXCEPT FRANCE, AND OUR MAJOR
EFFORT NOW IS TO CONVINCE LDC'S THAT IT IS IN THEIR
INTEREST TO ESTABLISH MULTILATERAL ARRANGEMENTS TO CONTROL
BRIBERY OF PUBLIC OFFICIALS IN CONNECTION WITH INTERNATIONAL
TRADE AND INVESTMENT. PRESIDENT CARTER HAS SUPPORTED NEW

U.S. CRIMINAL LAW WHICH WILL DETER BRIBERY BY U.S. FIRMS BUT A MULTILATERAL AGREEMENT IS NECESSARY TO INSURE ACTION BY OTHER STATES.

3. LDC'S ARE NOT ENTHUSED ABOUT THE ISSUE AND ARE SEEKING TO ESTABLISH LINKAGE WITH (1) GENERAL UN CODE OF CONDUCT FOR TNC'S AND (2) AFRICAN GROUP PROPOSAL TO PROHIBIT PAYMENT OF TAXES AND ROYALTIES TO MINORITY REGIMES OF SOUTHERN AFRICA IN CONTRAVENTION OF UN RESOLUTIONS. AS TO (1) WE ARE READY TO WORK FOR SUCCESSFUL CONCLUSION OF GENERAL CODE OF CONDUCT, BUT WE DO NOT WISH TO LINK CODE WITH AGREEMENT ON ILLICIT PAYMENTS BECAUSE IT MAY TAKE YEARS TO DEVELOP AND WE CANNOT AGREE THAT THE CODE, WHICH WILL BE A BROAD STATEMENT OF PRINCIPLES ON A WIDE RANGE OF ISSUES CONCERNING CORPORATE BEHAVIOR, WOULD BE LEGALLY BINDING (THE G-77 POSITION). IN OUR VIEW, LEGAL MEASURES TO DEAL WITH TRADITIONAL CRIME SUCH AS BRIBERY IN NO WAY CONFLICT WITH BROADER MEASURES OF A CODE OF CONDUCT.

4. AS TO LINKAGE WITH SOUTHERN AFRICA, WE HAVE SAID WE ARE PREPARED TO DISCUSS PAYMENTS TO RHODESIA AND NAMIBIA IN CONTEXT OF AN INTERNATIONAL AGREEMENT ON BRIBERY BUT WE CANNOT AGREE IN ADVANCE TO INCLUDE SUCH PROVISIONS. WE HOPE THAT IMPORTANT POLITICAL ISSUES OF SOUTHERN AFRICA CAN BE SOLVED IN MORE APPROPRIATE FORA. ULTIMATELY, TYING THESE TWO DIFFICULT ISSUES IN ONE AGREEMENT COULD PROVIDE A DOUBLE EXCUSE FOR A NUMBER OF INDUSTRIAL
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COUNTRIES TO REFUSE TO RATIFY AGREEMENT.

5. IT WOULD BE EXTREMELY HELPFUL IF YOU COULD RAISE THIS ISSUE WITH KEY LDC DELS TO URGE SUPPORT FOR ECOSOC DECISION AT THIS SESSION TO CONVENE DIPLOMATIC CONFERENCE, HOPEFULLY IN 1978, TO PREPARE INTERNATIONAL AGREEMENT ON ILLICIT PAYMENTS. IT WOULD BE MOST USEFUL IF YOU COULD PERSUADE KEY AFRICAN DELS, SUCH AS NIGERIA, TO SUPPORT U.S. PROPOSAL WITHOUT INSISTING ON COMMITMENTS IN RESPECT OF PAYMENTS IN SOUTHERN AFRICA. AS SITUATION NOW STANDS, THAT ISSUE WOULD GO TO DIPLOMATIC CONFERENCE ALONG WITH BRIBERY IF U.S. PROPOSAL IS ADOPTED.

6. FINALLY, WE WOULD LIKE YOU TO THANK AMB. HOVEYDA FOR IRAN'S STRONG SUPPORT FOR U.S. INITIATIVE AND TO COMMEND LEADERSHIP GIVEN TO WORK BY FARROKH PARSI AS CHAIRMAN OF ECOSOC WORKING GROUP ON CORRUPT PRACTICES. WE WOULD LIKE YOU TO ASK HOVEYDA TO HAVE PARSI RETURN TO GENEVA WHEN ECOSOC TAKES UP THIS ISSUE AT END OF JULY. HE HAS PLAYED A KEY ROLE IN NEGOTIATIONS WITH LDC'S ON THIS ISSUE OVER THE PAST YEAR AND HIS PARTICIPATION AT THIS CRITICAL TIME IS MOST IMPORTANT. VANCE

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